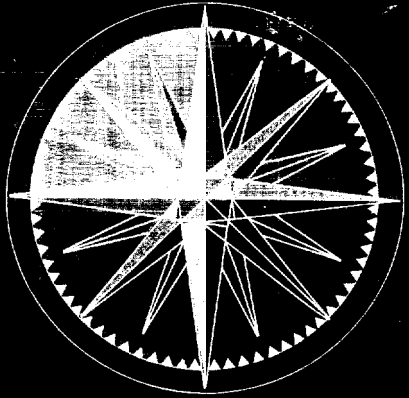


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24 April 1964

OCI No. 0328/64  
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# WEEKLY SUMMARY

ARMY Review  
Completed

State Dept. review completed.

CENTRAL INTELLIGENCE AGENCY  
OFFICE OF CURRENT INTELLIGENCE

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C O N T E N T S

(Information as of 1200 EST, 23 April 1964)

| <u>THE COMMUNIST WORLD</u>  | <u>Page</u> |
|---|-------------|
| KHRUSHCHEV'S BIRTHDAY CELEBRATION<br>Moscow used the occasion to create the impression of world Communist support for the USSR against the Chinese, but made no attempt to represent the gathering of high-level delegations as having resulted in concerted decisions on tactics for dealing with Peiping.   | 1           |
| EDITING OF KHRUSHCHEV'S SPEECHES<br>The published texts of Khrushchev's speeches often differ considerably from his actual remarks, as most recently demonstrated in changes he ordered in speeches made during his Hungarian visit and after his return to Moscow.   | 2           |
| SOVIET POSITION ON FINANCING OF UN PEACE-KEEPING OPERATIONS<br>Moscow adamantly refuses to pay its share of the cost of certain peace-keeping operations, believing its intransigence will encourage other governments to resist US pressure for automatic application of the UN Charter provision depriving a member in financial arrears of its vote. | 3           |
| SOVIET CIVIL DEFENSE NOW EMPHASIZING RURAL PARTICIPATION<br>Planners have begun organizing civil defense detachments in rural areas as the principal forces available for aid to cities after an attack. Most such formations appear to be still in the paper stage.  | 4           |
| <div data-bbox="203 1255 1464 1407" style="border: 1px solid black; height: 70px; width: 100%;"></div>  |             |
| PEIPING BUYING MORE WESTERN GRAIN<br>Total grain imports in 1964 may ultimately reach last year's level of 5.9 million tons worth some \$350 million.   | 5           |
| EAST GERMAN PARTY REACTS TO CULTURAL FERMENT<br>The regime, concerned about growing demands for intellectual and cultural freedom and about the spread of liberal ideas from East Germany's Communist neighbors, will attempt to introduce tighter controls at a conference of hand-picked intellectuals this week.                                     | 6           |

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| <u>ASIA-AFRICA</u>  | <u>Page</u> |
|---|-------------|
| THE LAOTIAN COUP<br>Leaders of the 19 April military coup in Vientiane have apparently reached an accommodation with other military leaders, and acknowledge Souvanna Phouma as premier.  | 7           |
| VIET CONG MAINTAIN PRESSURE IN SOUTH VIETNAM<br>Saigon's reaction to the latest attacks was prompt but costly. Pacification planning and clear-and-hold operations are lagging.   | 8           |
| LIMITED COMMUNIST ARMS AID FOR CAMBODIA<br>Defense Minister Lon Nol's recent visits to Moscow and Peiping failed to elicit any offer by either Communist power to assume the exclusive military aid role formerly played by the US in Cambodia. | 9           |
| SOUTH KOREAN POLITICAL STRAINS INTENSIFY<br>Student agitation against normalizing relations with Japan has aggravated the factionalism within President Pak's government and party.   | 9           |
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| AREA NOTES<br>On Iran and Syria   | 11          |
| NO EASING OF CYPRUS PROBLEM IN SIGHT<br>Intermittent clashes continue, and the UN mediator has made no progress toward resolving the political issues.  | 12          |
| PREMIER ADOULA'S PROBLEMS IN THE CONGO<br>Government forces are still trying to put down a new outbreak of tribal unrest in the eastern Congo, and the premier is in a political wrangle over procedures for adopting a permanent constitution. | 13          |

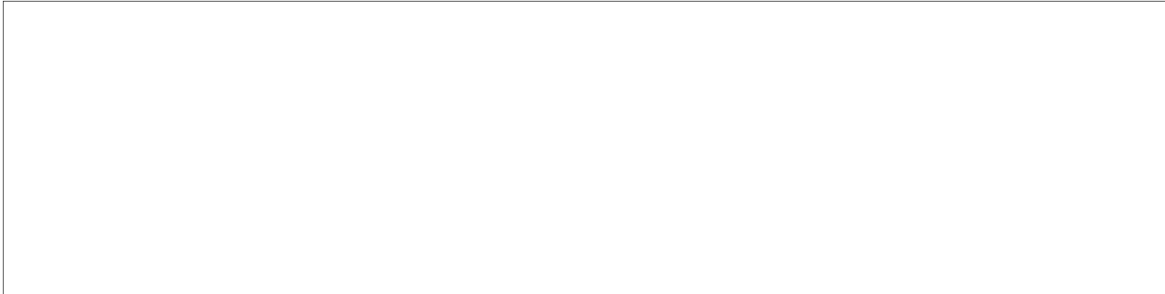
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ASIA-AFRICA (continued)

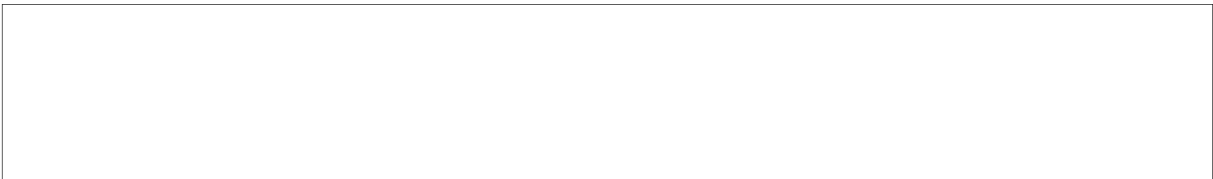
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EUROPE

- EEC DECISIONS ON ECONOMIC AND AGRICULTURAL POLICIES 14  
The EEC Council's recent endorsement of proposals from the supranational Commission for coordinating certain economic and financial policies of the Six marks the entry of community institutions into fields heretofore almost exclusively the concern of national governments.
- CLOSER PORTUGUESE TIES WITH FRANCE AND WEST GERMANY 15  
Lisbon's interest in cultivating French and German good will reflects both its irritation with the US attitude toward its policy in Africa and its desire to find new sources of military equipment.



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WESTERN HEMISPHERE

- THE NEW BRAZILIAN GOVERNMENT 17  
The new cabinet is composed mainly of competent, pro-Western technicians of centrist-conservative orientation. Its program appears aimed above all at stabilizing the shaky Brazilian economy.
- PRE-ELECTION SITUATION IN PANAMA 18  
Arnulfo Arias, twice deposed from the presidency and strongly opposed by the entrenched oligarchy, is widening his lead in the current presidential campaign. This could spark violence before the 10 May elections.
- ARGENTINE LABOR UNREST 19  
Labor's complaints, reinforced by a three-stage agitation campaign, center on measures to reduce unemployment and living costs, but also include political demands of the Peronists and Communists.

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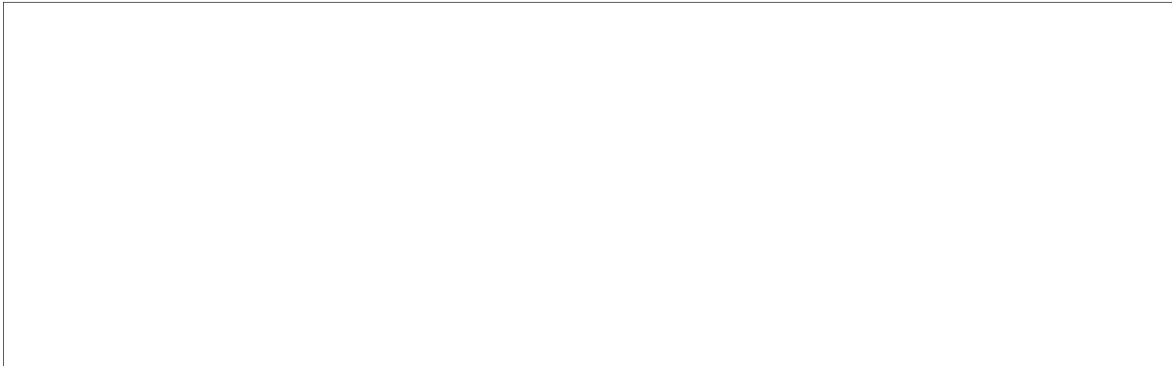
WESTERN HEMISPHERE (continued)

Page

HAITIAN DICTATOR'S DELUSIONS OF GRANDEUR

20

Duvalier's campaign to perpetuate himself in office is gathering momentum. He is expected soon to declare himself president for life--against no effective opposition.



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## The Communist World

## KHRUSHCHEV'S BIRTHDAY CELEBRATION

Moscow used the ceremonies attending Khrushchev's 70th birthday on 17 April to create the impression that the great majority of the world's Communist parties stand with the USSR against the Chinese Communists. A Pravda editorial on 19 April hailed the many congratulatory messages and the presence of high-level party delegations from all Eastern Europe (except Albania) and Mongolia as a "vivid demonstration" of unity and support for Khrushchev's leadership.

Although Khrushchev held private talks with delegation leaders, there were no attempts to represent these consultations as having resulted in concerted decisions on tactics for dealing with the Chinese. Moreover, the absence of special representatives from Yugoslavia, Cuba, and other important foreign parties suggests a Soviet decision not to inflate the occasion into a major Communist gathering.

In his speech at the award ceremony on 17 April, Khrushchev limited himself to indirect attacks on the Chinese. He appeared concerned to reassure foreign parties that Moscow does not intend to force an early showdown with Peiping. He said, "We must not burn our boats in our relations with those with whom we are not at the moment in full unity." He added that he would hold the door open for "rapprochement and understanding," but warned

that this must not be achieved "at the expense of ignoring principles."

Khrushchev continued to avoid any reference to a world Communist conference. The Soviet ambassador in Budapest recently attributed this silence to "differences of opinion among socialist countries on the wisdom of such a meeting."

The most noteworthy domestic aspect of the birthday observances was the careful effort to keep adulation of Khrushchev within bounds so as to provide a sharp contrast with the slavish sycophancy of Stalin on his 70th anniversary.

Khrushchev repeatedly emphasized that the honors accorded him were not for personal achievements and, in his brief speech at the award ceremony, made four references to his role as a "member of the working collective." He was careful to recall the measures to overcome the Stalinist "personality cult" and to restore "Leninist principles" in party affairs, pointedly noting that "this has been done without the interference of the surgeon." A biographical sketch stressed that Khrushchev has always "followed the policies collectively worked out" by the central committee, the presidium, and top government bodies.

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## The Communist World

## EDITING OF KHRUSHCHEV'S SPEECHES

The texts of Khrushchev's speeches published in the Soviet press often differ considerably from his actual remarks. This was most recently demonstrated in the changes he ordered in speeches he made during his visit to Hungary and following his return to Moscow.

The Hungarian speeches were not broadcast live, and most were heavily edited before publication. Such editing is customary, and is designed primarily to tighten Khrushchev's rambling off-the-cuff style and to put his homespun formulations into standard Soviet jargon.

Other changes are sometimes made for policy reasons. While Khrushchev attacked the Chinese Communists in his early addresses in Hungary, his remarks at that time were relatively restrained and were not published in the Soviet press. However, after Moscow's counteroffensive against Peiping began--with the publication on 3 April of Suslov's speech at the February party plenum--Khrushchev pulled all the stops. Virtually discarding his prepared texts, he heaped invective on Peiping's leaders and praised recent statements by US leaders. He repeated the performance at the Moscow reception for Gomulka on 15 April. The official texts in these instances contained very few alterations.

Khrushchev's habitual digressions can usually be identified by comparing the official and unofficial texts. Unofficial versions are obtained only when Khrushchev is broadcast live or when he is traveling abroad and foreign newsmen are present. Furthermore, he usually follows the prepared text rather closely when addressing his home audience on major policy issues, making it difficult to determine whether the stereotyped phraseology was concocted by his writers or by Khrushchev himself.

Although most of Khrushchev's speeches are probably ghosted, there is no evidence that he employs a permanent staff of writers. The writing assignment for each speech is likely to be made on the basis of subject matter. Andrey Shevchenko, his adviser on agricultural affairs, may draft speeches in this field.

The Hungarian speeches were probably prepared by Pravda boss Satyukov and party secretary Andropov, both of whom accompanied Khrushchev. However, the Communist lexicon is so filled with bureaucratic verbiage and so little information is available on the individual styles of the writers that it is virtually impossible to determine the authorship of specific speeches.

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The Communist World

SOVIET POSITION ON FINANCING OF UN PEACE-KEEPING OPERATIONS

The USSR has adamantly refused to pay its share of the cost of UN peace-keeping operations in the Middle East and the Congo. It believes an inflexible position on this issue will encourage other UN members to resist US pressure for mandatory and automatic application of the provision in Article 19 of the UN Charter which deprives a member of its vote in the General Assembly if its financial arrears exceed its dues for two preceding years.

The USSR, however, insists that it has paid its "regular dues," and Ambassador Fedorenko recently protested a UN financial statement which listed the USSR in arrears for the regular budget. Soviet leaders probably believe they can frustrate automatic application of Article 19 by provoking a full-scale debate in the General Assembly next fall on the whole matter of the UN budget.

The USSR's peace-keeping debt is for operations authorized by the General Assembly in accordance with the 1950 "Uniting for Peace Resolution" empowering it to act when the Security Council is hamstrung by the veto. Moscow justifies its refusal to pay on the ground that this resolution is illegal because it was not passed as a Charter amendment.

These views have been repeatedly stressed by Fedorenko and were set forth in a Soviet Government statement of 21 March which sought to give the impres-

sion that the USSR might leave the UN if Article 19 were invoked against it. Moscow has been quick to point out that application of Article 19 requires a two-thirds vote in the Assembly and that more than a third of the other members are also in arrears to some extent.

Among the delinquents is France, which will be subject to legal sanctions in 1965 if it continues to refuse to pay its share of the Congo operation. Moscow may be calculating that French opposition to the US position, along with that of influential African countries, will be sufficient to persuade the US to adopt a formula more acceptable to the USSR. However, there has been some indication that France now may reverse its position and pay up.

Moscow's tough public stance on the peace-keeping issue appears to be aimed also at inducing the US to be more forthcoming in private overtures to the USSR for a settlement of the problem. Moscow has not yet responded to the 6 March joint US-UK proposal which includes the creation of a UN peace-keeping finance committee in the General Assembly weighted in favor of the major powers. Although the USSR has made clear in recent private discussions that it will remain opposed to any suggestion that does not uphold the Security Council's predominant role in peace-keeping efforts, it has not entirely ruled out a compromise.

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The Communist World

SOVIET CIVIL DEFENSE NOW EMPHASIZING RURAL PARTICIPATION

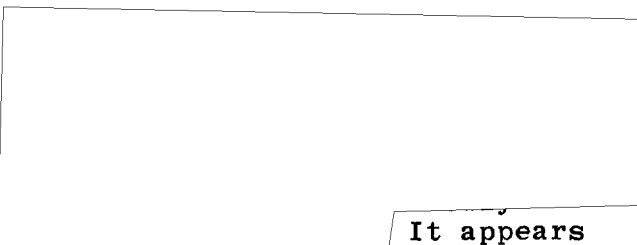
Soviet planners have begun organizing civil defense formations in rural areas.

While the need to bring rural areas into civil defense preparations was mentioned as early as 1958, not until 1962 did a major civil defense text call for training rural reserve detachments as the principal forces available for aid to cities after an attack. Service in these units now is compulsory for able-bodied adults.

The rural detachments are to be under a local civil defense headquarters. The detachments appear to include a commander, a deputy commander for supply, radiation reconnaissance personnel, and a variety of emergency teams. Heavy equipment utilized by the detachments includes tractors, bulldozers, excavators, and a power crane. Small items include gas masks, protective clothing, hand tools, radiation meters, stretchers and medical supplies and identifying armbands.

A 1963 Soviet demonstration exercise and a training film

indicate the way the units are to function. Operations start with a period of increased readiness when the rayon control point is manned and the detachment alerted. After the nearby city is attacked, the detachment (preceded by radiation monitoring personnel) is to "march" to the city. Subsequent operations include reconnaissance, debris clearance, and search and rescue operations. Casualties are evacuated to an initial medical processing point. After completion of the mission, personnel, vehicles, equipment, and clothing are decontaminated.



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It appears that many rural civil defense detachments may be organized only on paper, and that command and unit training should be initiated this year. However, even a moderate degree of operational readiness probably will not be attained for a year or more. (SECRET)

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The Communist World



**PEIPING BUYING MORE WESTERN GRAIN**

Chinese Communist grain purchases in the free world so far this year total almost 4 million tons and may ultimately reach last year's level of 5.9 million tons worth about \$350 million. Peiping recently contracted to buy more than a half million tons of wheat from Australia, bringing purchases there this year to 1.8 million tons.

The recent visit to Peiping by Canadian former Agricultural Minister Hamilton, who negotiated the first Sino-Canadian grain sale in 1961, makes another Chinese

grain deal with Canada appear likely. So far in 1964 Chinese purchases of Canadian grain total only about 850,000 tons.

Peiping has bought unusually large amounts of grain in Latin America this year--at least 300,000 tons of wheat from Mexico, and 800,000 tons of grain from Argentina--and may purchase still more. It may also pick up small amounts of grain later this year in African countries and in Western Europe.

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### PROFESSOR HAVEMANN'S VIEWS

These excerpts are from an interview with Havemann published on 11 March 1964 in the Hamburg Echo am Abend. Two days later Havemann was dismissed from his job at Humboldt University and expelled from the East German party (SED). Simultaneously, however, he was demonstratively elected a full member of the East German Academy of Sciences.

Question: Did you foresee that your lectures would lead to such violent reactions?

Answer: "Foresee" is too mild a term. I had the intention of producing precisely such an effect. What has been possible for a long time in other socialist countries should also prevail in the GDR. I am anxious to see that all aspects of the degeneration typical of the Stalin period be suppressed by open criticism and calling them by their right name. No social order should permit such abuses to prevail for any length of time without recognizing them as such. In order to achieve this goal, it is essential to encourage the citizens of the GDR to take part in this discussion.

Question: You think there is a difference between the political and intellectual life of the GDR and the other socialist countries?

Answer: Don't you? I would describe the difference as follows: In the GDR most communist officials think as I do. In other socialist countries, people say it out loud.

Question: Are there other differences?

Answer: Certainly. We Germans always do things very thoroughly, and that includes mistakes in the building of socialism.

Question: J. von Schnitzler and other SED officials argue that, because of special conditions in divided Germany, some developments which occur as a matter of course in other socialist countries are impossible in the GDR.

Answer: I recognize such special conditions, but draw the opposite conclusion from them. More freedom must be given to the citizens of the GDR than is granted inhabitants of Western countries. Only on such a basis can socialism regain its effectiveness and become successful.

Question: Sindermann (a member of the East German Politburo) claims that you want to throw dialectical materialism overboard.

Answer: There is no truth in that. I am not disenchanted with the socialist idea but, as a convinced advocate, I demand the elimination of Stalinism and dogmatism in all its manifestations. The goal I advocate is a social order in which free socialism has been realized. As to dialectical materialism, I consider it the most advanced expression of philosophy.

Question: Some moments ago, we talked of the other countries in the socialist camp. How close are your contacts there?

Answer: I have particularly close contacts with my colleagues in the Soviet Union. One of them, the philosopher Kedrov, is, so to speak, responsible with me for my series of lectures. I submitted my views on various problems to him, and we established complete accord.

Question: Is this also true with regard to the themes dealt with in your lectures?

Answer: Precisely. That gave me the green light to begin the series.

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EAST GERMAN PARTY REACTS TO CULTURAL FERMENT

The East German party leadership, at a national conference in Bitterfeld beginning on 24 April, will introduce a program aimed at curbing growing demands for intellectual and cultural freedom. Even though the hand-picked intellectuals at the conference probably will approve the program, the regime will find it difficult to enforce controls calling for a "national art based on socialist realism," a line similar to that promulgated at the first Bitterfeld conference in 1959.

The leadership is greatly concerned over recent incidents growing out of the objections of many East German party intellectuals to complete political domination of cultural life. It is particularly concerned about the outspoken remarks in a "treasonous" interview granted to a West German newspaper by a lifelong Communist scientist, Robert Havemann (see excerpts on facing page). Havemann's boldness, in turn, undoubtedly led participants in a congress of the Union of Creative Artists to criticize regime repressions openly, despite repeated official condemnations of his ideas. East German press accounts suggest that the concept of freedom, contrasted with the "climate of fear," has excited discus-

sions in many cultural centers in the country.

Students from universities in East Berlin, Potsdam, Griefswald, and Halle have in recent weeks publicly objected to restrictive political domination of their curriculums and their isolation from Western thought.

The regime is also concerned about the spread of liberal ideas from its Communist neighbors. A politburo report was published in February charging Czechoslovak party intellectuals with spreading "revisionist" theories in East Germany. Hard-line party cultural spokesman Alfred Kurella now has publicly charged that Marxism is being misinterpreted by Communist writers in Poland, Hungary, France, and Austria.

While the top party leadership is increasingly concerned over these problems, there are indications that some confusion and laxity at lower levels have been partly responsible for their appearance. Much of this can be attributed to East Germany's continuing dilemma: how to improve the regime's "image" and avoid isolation abroad, while maintaining necessary controls at home.

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Asia-Africa

### THE LAOTIAN COUP

The situation in Laos in the wake of the 19 April coup remains confused, as the various power elements maneuver toward a resolution of the government crisis. Vientiane is outwardly calm, but this appearance is susceptible to sudden change under the strained circumstances.

The coup committee, which has been attempting to win the support of key military and political figures, apparently has reached some sort of accommodation with the majority of Laotian military leaders. Following a meeting in Vientiane on 23 April between the coup leaders--Generals Kouprasith and Siho--and most of the army's other general officers, the revolutionary committee announced that it would recognize the continued existence of the government of national unity headed by neutralist Souvanna Phouma. The communiqué indicated, however, that personnel changes would be required within the government and referred to a "Permanent Committee for National Defense" which would "follow and closely oversee the execution of governmental tasks."

This move appears to have the support of the leader of Laos' rightist faction, General Phoumi, who commented that his generals apparently were exer-

cising a moderating influence on the army "hotheads." Phoumi also indicated that the present equilibrium among the three factions would be maintained. This is far from certain, however. A common bond between the coup group and other army leaders is dislike of the 1962 Geneva agreements on Laos, which they claim work only to the advantage of the Communist Pathet Lao.

The Pathet Lao, apparently waiting to see how the chips fall in the current crisis, have not attempted to exploit existing divisions within the anti-Communist ranks. Although there are reports that resupply convoys are continuing to move into the Plaine des Jarres area from North Vietnam, no major actions have been initiated.

Outside Laos, Communist reaction to the coup has been relatively restrained, with propaganda themes centering on the need for the preservation of the Souvanna coalition and expressions of continued support for the Geneva agreements. Recent Chinese propaganda has called for a resumption of tripartite talks among the faction leaders "as soon as possible." The Communists will probably oppose strongly any compromise solution which might undermine Souvanna's authority.

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Asia-Africa

**VIET CONG MAINTAIN PRESSURE IN SOUTH VIETNAM**

Communist military activity in South Vietnam last week reached the highest level since mid-February, shortly after the Khanh coup, and is continuing at an intense rate. Following a five-day battle in the delta, at least three other major actions occurred. The Viet Cong staged two well-coordinated attacks--apparently planned as company-strength operations--on government outposts in two delta provinces. On 21 April, they overran and destroyed a Self-Defense Corps post in hard-pressed Kien Hoa Province, south of Saigon.

Government reaction to the attacks was unusually prompt, but it was also costly. Primarily as a result of the prolonged clash in the delta, government casualties for 11-18 April numbered 1005--the highest weekly total since the war began. Viet Cong losses of 713 killed or captured were only slightly higher than the average for the past few weeks.

The government's clear-and-hold operations in the northern provinces appear to be slowly gaining momentum, but security conditions continue to deteriorate in many parts of

this region. There has been little improvement in clear-and-hold efforts in the provinces near Saigon and in the delta. Inadequate numbers of troops is the most commonly cited reason for the lack of progress, but it appears that the absence of guidance from local officials and of a clear definition of authority for civilian and military leaders is also hampering efforts in a number of provinces.

Pacification planning remains at the formulation stage in most areas. Corps-level plans have been approved in principle, but the plans of at least two corps seem overly ambitious and beyond present capabilities, according to US advisers. Province-level plans are still being worked out.

The government has created a new rural development committee, chaired by the two civilian deputy premiers, subordinate to the Central Pacification Committee, but its function is not clearly delineated. There is some danger that the growing body of overlapping committees and directorates will further strain the uneasy alliance between military leaders and civilian cabinet members.

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Asia-Africa

**LIMITED COMMUNIST ARMS AID FOR CAMBODIA**

Communist arms aid to Cambodia will expand only moderately as a result of Defense Minister Lon Nol's recent swing through Communist China and the USSR. Both Moscow and Peiping are deliberately avoiding the exclusive military aid role formerly played by the United States in Cambodia. Recent arrangements suggest Cambodia's military establishment will be maintained for some time by a hodgepodge of Soviet, Chinese, and Czech, as well as French and Yugoslav, support.

The Chinese Communists entered the military aid field in Cambodia early this year by supplying some 100 trucks and infantry weapons for three battalions. They may have offered further token support during

Lon Nol's visit, but have confined their public commitment to vague gestures of solidarity.

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In Moscow, aid discussions with Lon Nol were confined to formalizing the expansion of a 1963 agreement under which the Soviets have backed Cambodia's efforts to achieve some air defense capability. Four MIG fighters, two dozen anti-aircraft guns, and a few radars were delivered last year.

Czechoslovakia also has recently responded to Cambodia's military aid requests, but probably with no more than a gift of small arms.

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**SOUTH KOREAN POLITICAL STRAINS INTENSIFY**

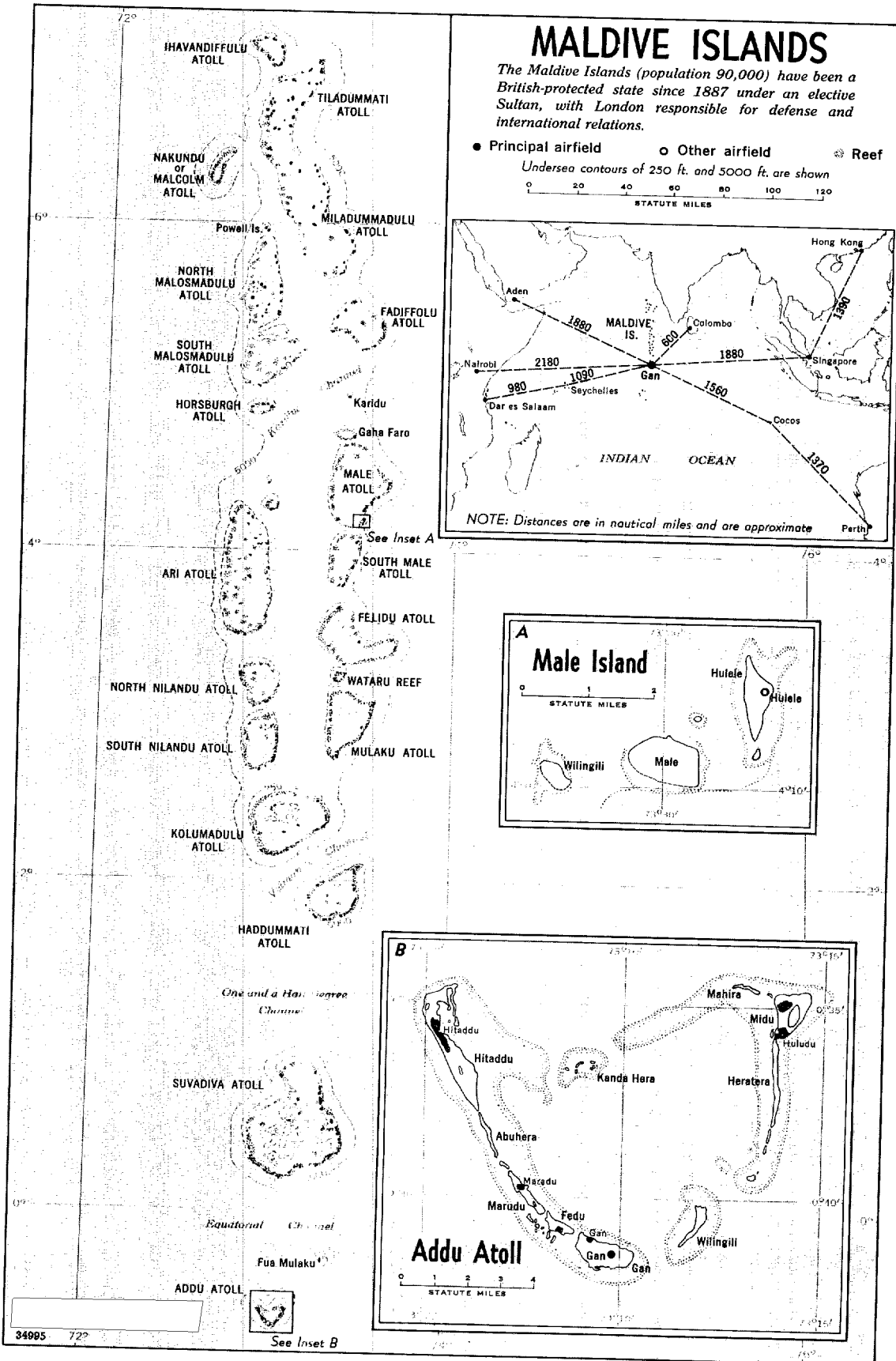
Recent student demonstrations in South Korea have aggravated the strains within President Pak Chong-hui's government and his Democratic-Republican Party (DRP).

Opponents of party strongman Kim Chong-pil, encouraged by student attacks on him, are making a concerted drive to force him from power. They contend that Kim's ouster would

deprive the opposition parties of their biggest issue and would quiet the students.

In an attempt to appease Kim's critics, Pak has promised DRP legislators a greater voice in party affairs at the expense of the secretariat controlled by Kim. Pak recently rejected demands by Kim's group for an immediate cabinet shakeup.

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Asia-Africa

Such gestures, however, mean little so long as the basic ties between Kim and Pak remain unshaken. Kim's enemies appear to recognize that to get rid of him, they must convince Pak that his own position is jeopardized by these ties. Foreign Minister Chong Il-kwon, one of the country's most astute soldier-politicians, has stated that he believes a showdown will come within the next six weeks.

Meanwhile, student agitation against negotiations for normalizing relations with Japan has been focusing to an increasing extent on the government's failure to improve economic conditions. Influenced by North Korean claims of economic progress, some students are showing growing interest in

the concept of unification as an economic panacea. South Korean security officials are concerned that local leftists are convincing the students that reunification is the only solution because Japanese indemnity payments will not last long and US aid is declining.

Following a stern warning by Home Minister Om Min-yong, students refrained from demonstrating on 22 April--for the first time in five days. Pak has indicated that he is prepared to resort to martial law if the students return to the streets. He probably reasons that firm action against the students now will free his hands to deal more effectively with the worsening situation in the government camp.

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#### ANTI-BRITISH AGITATION IN THE MALDIVE ISLANDS

Rising anti-British sentiment among the inhabitants of the Maldive Islands, a British protectorate in the Indian Ocean, may jeopardize the UK's military air route to the Far East. Hostile demonstrations have already been mounted against Hulele airstrip. This and the one on Gan are the only British-controlled airfields between Aden and Malaya.

The Maldivian prime minister has ordered the British representative on Hulele to leave. He indicated that no direct discussions with London will be possible until Maldivian griev-

ances are settled and the islands are given complete independence.

Other British officials have been threatened with violence if they attempt to repair the damage to the Hulele airstrip, or fail to return to the islands from the Seychelles a rebel leader who participated in a revolt against the Maldivian Government five years ago. The British believe these demands may be a prelude to abrogation of a 1960 agreement establishing certain defense facilities and a radio relay station in the Maldives.

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Asia-Africa

The British high commissioner in Ceylon attributes anti-British agitation to "third" country interference. Indeed, an American Embassy official there suggests the possibility that Indonesia, Communist China, or the United Arab Republic may be aiding and abetting the Maldivian Government in its efforts to oust the British.

briefed certain Afro-Asian embassies on the situation. He may, in fact, be soliciting their aid in bringing the Maldivian grievances before the UN General Assembly's special committee on colonialism, a prospect to which the British are resigned despite their continued hopes of keeping the dispute in a bilateral framework.

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The Maldivian representative in Colombo has reportedly

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AREA NOTES

Iran is continuing to normalize its relations with the Soviet Union. A civil air agreement granting mutual air and landing rights for regularly scheduled aircraft, proposed by Moscow last November, probably will be signed shortly. Within the past year agreements have also been reached for a long-term

Soviet credit to Iran and for transit of commercial traffic through each country. Soviet propaganda against Iran has moderated somewhat, but Moscow continues to attack Iran's membership in CENTO and its bilateral defense treaty with the United States.

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Syria: Overt opposition to Syria's Baath military regime is increasing. Last week's violent disturbances in Hama--which security forces put down only with difficulty--have encouraged opposition elements in other Syrian cities. Merchants in Damascus closed their shops on 19 April in a gesture of defiance against the regime's socialist measures, and similar moves have occurred in Homs and Aleppo. There have also been antigovernment incidents in Damascus schools.

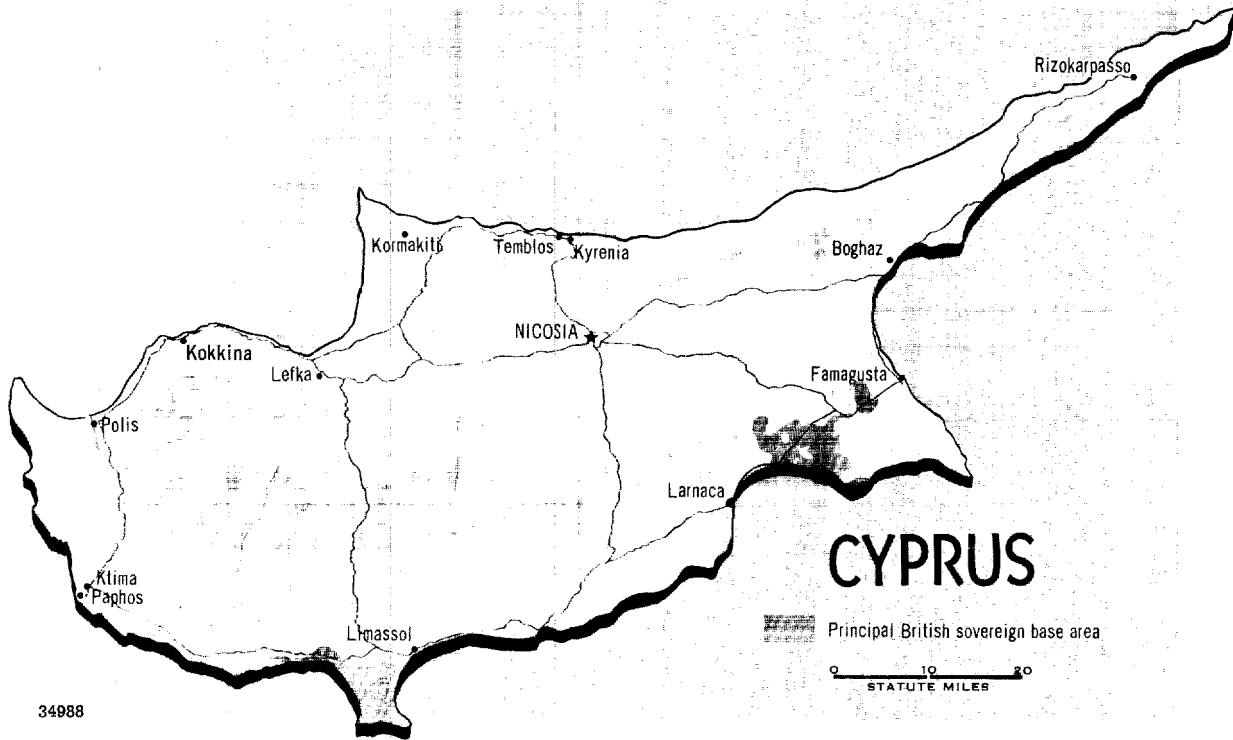
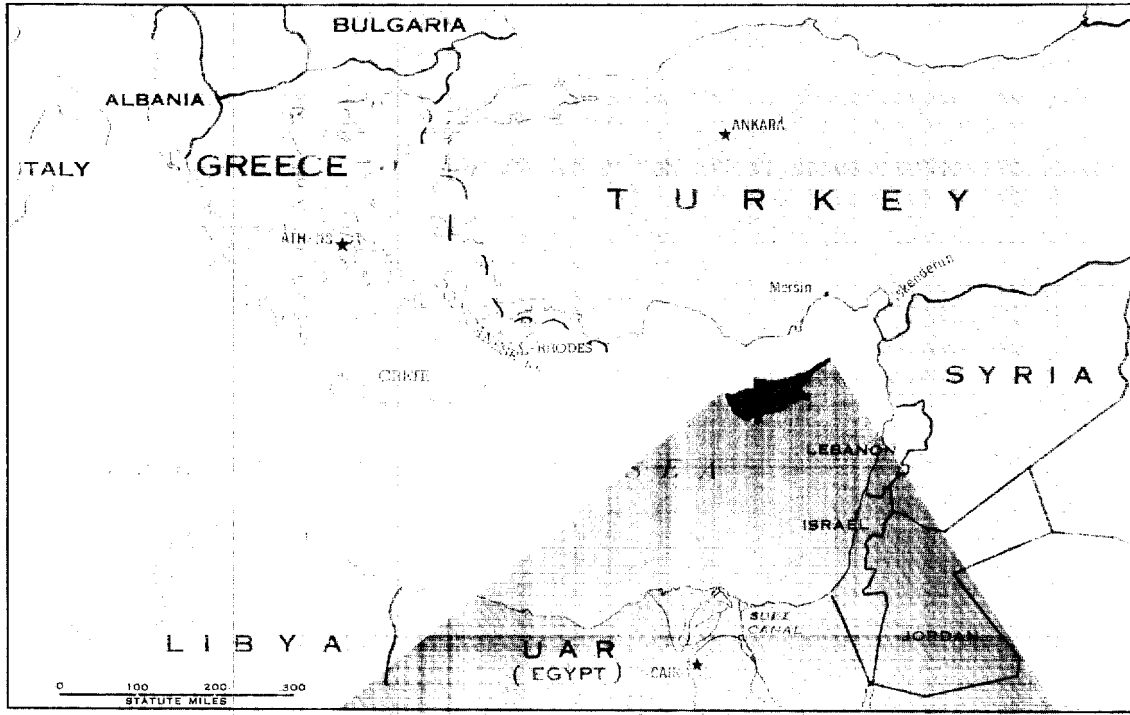
now disaffected and would offer little real resistance to a well-organized move against the top leaders.

Syria's neighbors have taken advantage of the confused situation. Radio Baghdad has carried inflammatory broadcasts exaggerating the extent of the disorder in Syria. Pro-Egyptian newspapers in Beirut printed florid accounts of the shelling of mosques and vast numbers of casualties. Syrian Prime Minister Hafiz has retaliated by accusing Baghdad and Cairo of instigating the Hama disturbances.

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The regime is generally unpopular, and further disturbances are virtually certain. The bulk of the army is probably

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Asia-Africa

**NO EASING OF CYPRUS PROBLEM IN SIGHT**

The political aspects of the Cyprus problem remain far from solution, while intermittent fighting continues. Greek-Turkish relations have deteriorated rapidly during the past week, and anti-Americanism appears to be spreading in Turkey.

A two-hour gun battle in the eastern port city of Famagusta on Wednesday was the most serious clash in recent days. Tension also remains high in Nicosia, in the Kyrenia area, and around Kokkina in the northwest. The Turkish Cypriots remain in control of the heights above Kyrenia, and the Turkish regiment still dominates the Nicosia-Kyrenia road.

Efforts by UN Commander Gyani to demilitarize a zone of increasing tension in Nicosia collapsed Wednesday when Turkish Cypriot leaders declared that earlier oral agreements concerning the area were not being honored. The plan called for the removal of all forces and fortifications from a sector where there has been extensive fighting. This problem reportedly has been referred to Secretary General Thant.

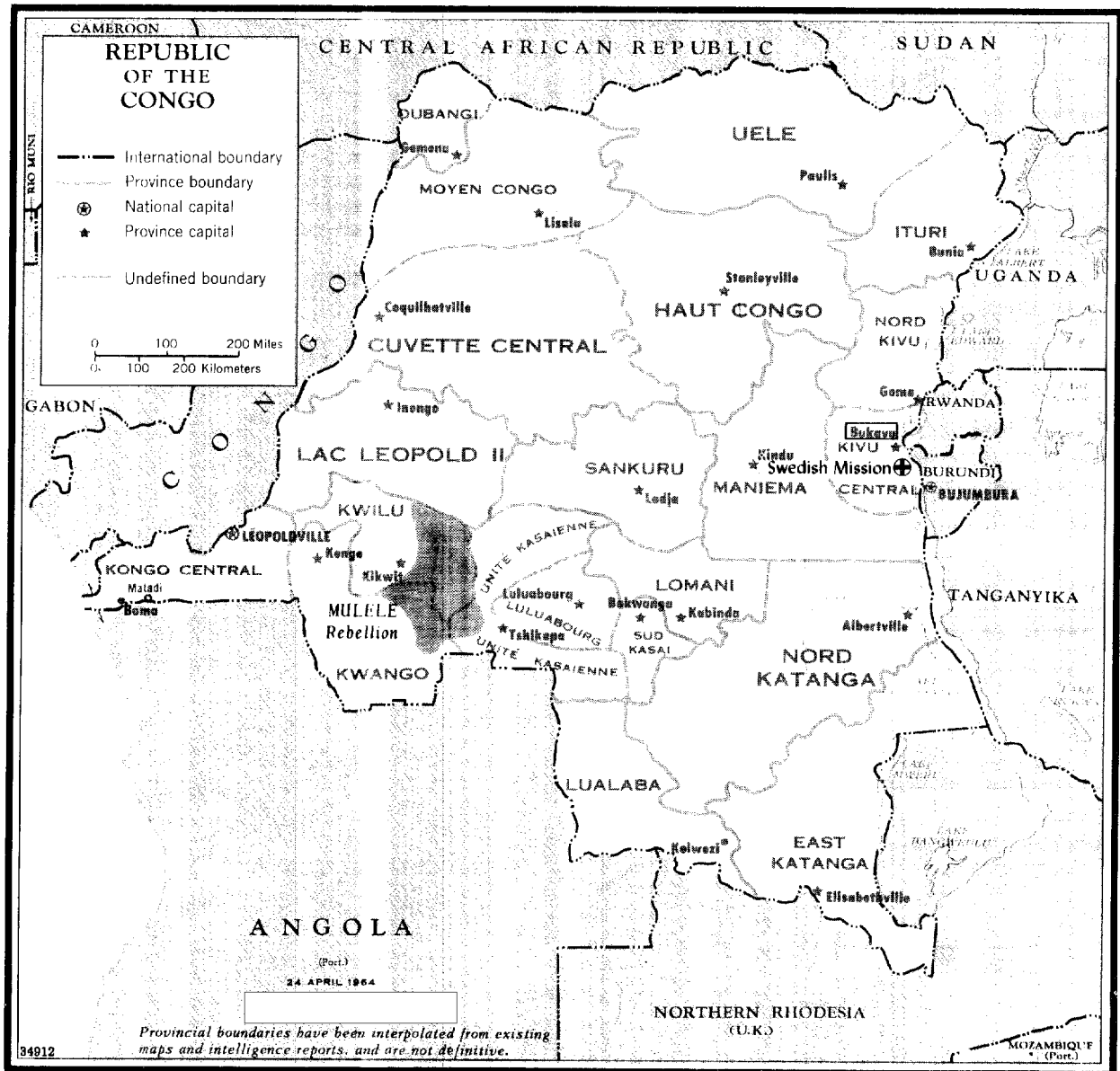
UN Mediator Tuomioja plans to go to Athens this weekend

for talks with Greek officials. He will continue on to London and then to Paris, where he will report to U Thant in late April or early May. After recent talks with leaders in Nicosia and Ankara, however, Tuomioja has confessed that he sees "no light at the end of the tunnel." The Turks insist that federation or partition is the only acceptable solution; the Greek Cypriots are just as adamant in insisting on a unified government with the right of self-determination-- which would allow for union with Greece.

The US Consulate General in Istanbul reports that the dominant anti-Greek mood there contains a strong undercurrent of anti-Americanism. Deeply embittered by their frustration and disillusionment over Cyprus, the Turks are becoming increasingly critical of the United States for "letting them down." They regard Greece as the ultimate source of their trouble, however, and are continuing to strike back at Greece by such moves as deporting two members of the Greek Orthodox patriarchate. The Turks may also attempt some kind of action against Greek islands near the Turkish coast.

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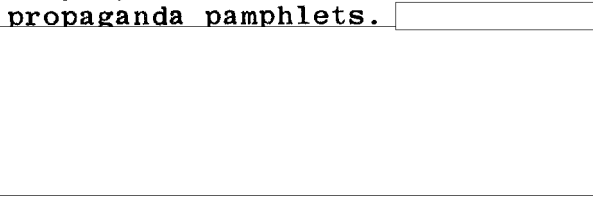
Asia-Africa

**PREMIER ADOULA'S PROBLEMS IN THE CONGO**

Congolese Army forces are trying to put down a disturbance that broke out last week in Bukavu, in the extreme eastern part of the country, while in Leopoldville, Premier Adoula faces a new controversy concerning the adoption of a permanent constitution.

Order has been restored for the time being in Bukavu, where a riot on 16 April resulted in over 50 deaths. Some 35 miles to the south, troops went to the rescue of a Swedish mission surrounded on the same day by hostile youth groups. The mission was again attacked on 21 April, and four soldiers were seized.

The unrest, endemic to this area since independence in 1960, arises mainly from tribal rivalries for power. The extremist exile organization, the Committee of National Liberation (CNL), has recently been reported trying to exacerbate these troubles from a post in neighboring Burundi, so far only by means of inflammatory propaganda pamphlets.



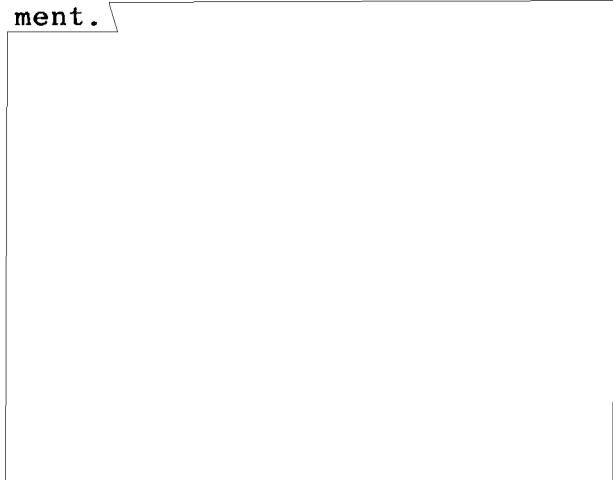
The army also has apparently contained Pierre Mulele's rebellion in Kwilu Province, east of Leopoldville, although disturbances there continue, and little of the territory af-

ected has been restored to central government control.

The UN still plans to withdraw all its troops from the Congo by the first week in June, except for a 400-man Nigerian police detachment.

Meanwhile differences have arisen between Adoula and the 150-member commission which has just completed drafting the long-awaited constitution. The commission insists that the document be submitted directly to a national referendum within a month, and that an interim government then be installed to prepare for and hold parliamentary elections. Adoula has reserved the right to make changes in the draft, however, and the commission threatens to campaign against the constitution if it is amended in any way.

Adoula may try to undercut the commission by bringing some of its members into his government.



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Europe

EEC DECISIONS ON ECONOMIC AND AGRICULTURAL POLICIES

The EEC Council of Ministers at its mid-April session adopted precedent-setting measures designed to coordinate the economic and financial policies of the six member states and to stabilize the business cycle on a community basis. Its endorsement of proposals drafted by the EEC's supranational commission marks the entry of community institutions into fields which, although covered by the EEC treaty, have heretofore been almost exclusively the concern of the national governments.

The 14-point program to counteract inflation is geared primarily to stabilize prices and control production costs by restraining demand, increasing the effects of competition, and liberalizing import policies. Only relatively minor substantive changes were made by the ministers in the Commission's proposals, indicating widespread agreement on the seriousness of the current inflationary trends. Although the Council did not utilize its treaty powers to issue the program as a "directive," the unanimous approval it received increases pressure on member states to conform with its provisions. Moreover, the Commission is authorized to propose further measures in the event the situation worsens.

Looking toward longer range community cooperation, the Council also approved sev-

eral Commission proposals first put forward in July 1963. A committee under the Commission's supervision has been authorized to consult with the governments of the Six and attempt to concert their economic policies. The budgetary policies of the Six will similarly be subject to the scrutiny of a committee which will examine the effects of national budgets on the EEC as a whole. A Committee of Central Bankers has also been established to formalize consultations among the monetary institutions of the Six, and the governments are requested to consult among themselves before altering exchange rates or their international monetary policies.

This progress was not matched, however in the area of agricultural policy, where the stalemate over grain prices continues. The West Germans remained intransigent in their opposition to any lowering of their cereal prices--which unification of present EEC grain-price levels would require. At least one of the Germans' "prior conditions" for their agreement would modify the EEC treaty--in this case by excluding grain prices from the majority voting rule effective on most questions after 1 January 1966. Such an exception might set a precedent which could lead to a general weakening of the community's institutional development.

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Europe

Some observers nevertheless believe that the German presentation does not exclude the possibility of a negotiated solution later this year. The issue will be debated further

at a meeting of agricultural ministers on 28 and 29 April and at a Council session on 8 and 9 May.

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**CLOSER PORTUGUESE TIES WITH FRANCE AND WEST GERMANY**

Portugal in recent months has been working to develop closer relations with France and West Germany. Lisbon seems to be particularly interested in acquiring military equipment from these countries for use in its colonial holdings in Africa.

This consideration may have been behind Lisbon's move earlier this month permitting France to establish a missile tracking station in the Azores.

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A Portuguese desire to cultivate French good will was also implicit in Foreign Minister Franco Nogueira's recent statement that there now is a need to re-evaluate NATO.

Portuguese interest in military materiel for Africa is more explicit in Lisbon's efforts to collaborate with West Germany. Implementation of last October's agreement giving the Germans military training and logistics facilities in Portugal has moved forward. A base for the training of jet pilots and a hospital are to

be completed in 1965 at Beja in southern Portugal. Existing facilities for the maintenance of German aircraft now are to be extended, and a Portuguese contract to manufacture munitions for Germany has been broadened. Bonn is providing long-term, low-interest credits to finance these projects.

In connection with the original deal, the Portuguese purchased a number of Harvard (limited combat) and Dornier-27 (liaison) aircraft--presumably for use in Africa.

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Portugal's interest in closer connections with Paris and Bonn reflects also an increasing irritation with the US attitude toward its colonial policy. Lisbon has been particularly annoyed at measures to prevent the deployment of military equipment of US origin to Africa.

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Western Hemisphere

THE NEW BRAZILIAN GOVERNMENT

Brazil's new President, Humberto Castello Branco, has selected his cabinet and has turned to the business of formulating firm political and economic policies for his administration. At first glance, the new government appears determined, above all else, to pursue a program aimed at stabilizing the shaky Brazilian economy.

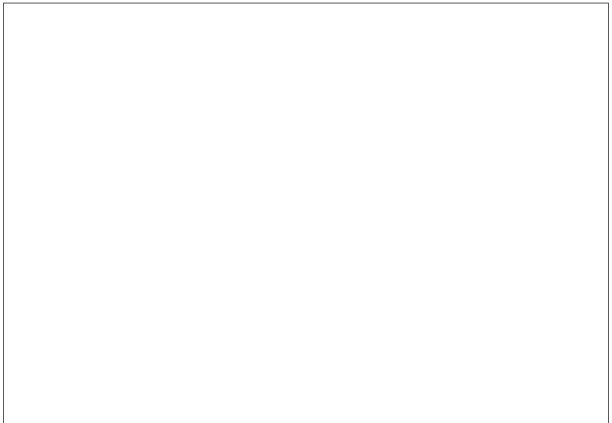
Ambassador Gordon's overall impression of Castello Branco is extremely favorable. In their initial conversation, which the ambassador described as "a most auspicious beginning" the President left no doubt that he was a man who knew where he was going. Among other things, he displayed a warm attitude toward the US and the need for close cooperation in the Alliance for Progress.

Elsewhere, Castello Branco and other government leaders have stressed the need for social and economic reforms, and for effective public investment planning. Implicit in this approach is the assumption that substantial external financial aid will be forthcoming.

Among the measures under urgent consideration are tax reforms and plans to reduce the huge federal payroll. A moderate

land reform bill was approved by Congress shortly after Goulart's overthrow.

The new cabinet is composed mainly of competent, pro-Western technicians of centrist-conservative political orientation. Most of the members have had long experience in their respective fields. The minister of justice, for example, is Milton Campos, a highly regarded senator with a distinguished legal background. Foreign Minister Leitao da Cunha and Finance Minister Bulhoes, holdovers from the cabinet of interim President Mazzilli, are both highly respected career officials. Appointed to the new and presumably vital post of minister of planning is Roberto Campos, a brilliant economist who until recently had been ambassador to the US.



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Western Hemisphere

**PRE-ELECTION SITUATION IN PANAMA**

Arnulfo Arias, twice deposed from the Panamanian presidency, is widening his lead in the country's current presidential campaign. This could spark violence before the 10 May elections.

Arias, described by Ambassador Vaughn as an "egocentric mystic who regards himself as a man of destiny," is popular among the poorer classes and has become a symbol of the widespread and growing popular resentment against Panama's entrenched oligarchy. The oligarchy, which is divided between two presidential candidates, is nearing desperation and is likely to go to almost any length to defeat Arias.

There have already been shooting incidents between followers of Arias and those of Marco Robles, the government candidate backed by the larger segment of the oligarchy. More serious violence seems to be in the offing. Indeed, US Ambassador Vaughn reports that he cannot discount the possibility of a popular uprising if the government uses its control of the election apparatus and the security forces to prevent an Arias victory.

The ambassador also believes the erratic and unpredictable Arias would run a one-man, badly managed administration. Robles' victory, on the other hand, would mean a prolongation in power of the same elements who have ruled Panama since independence.

An Italian trade promoter with Communist business and political connections has proposed to the Chiari government that the Chinese Communists be permitted to establish and stock a free port in Panama. Chiari's response is not known, but he has taken this proposal under consideration as well as a companion offer by the Italian to finance a Panamanian mission to explore trade possibilities in Asia, including mainland China.

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Western Hemisphere

### ARGENTINE LABOR UNREST

The picture of political tranquility in Argentina is deceptive. Deep dissatisfaction within the labor movement, fanned by extremists, could lead to a new round of open unrest.

In response to rank-and-file complaints over severe unemployment and high living costs the General Confederation of Labor (CGT) in mid-January adopted a three-stage agitation campaign to force the government to take action to counter these persistent problems of the past several years. The final stage of this campaign calls for labor to occupy all factories and businesses for 24 hours if the government does not meet the CGT demands.

These center on reactivating the economy, but also include political demands which would in effect legalize the Communist Party and permit formation of a new party headed by Juan Peron. This would counter the trend toward "Peronism without Peron" which some of the ex-dictator's own disciples as well as the government are trying to encourage. The Peronist movement remains badly split.

Moderate labor leaders are uneasy over this injection of politics into CGT activities. They are also worried that the

threat to occupy plants and factories, although presently in "suspension," will eventually be used by extremists to provoke violence.

The independents who hold half the CGT's executive positions suspect that some Peronist leaders may be seeking special political advantages in their pressure tactics. The Peronist bloc, for example, recently pushed through a CGT resolution which "rejected the social policy imposed by the government." The independents say this was a Peronist maneuver intended to rupture current negotiations with the government, and they are threatening to walk out to form a separate confederation. In the past, such threats have had a chastening effect on CGT pronouncements, since the bulk of Argentina labor will unite only in support of action aimed at ameliorating economic grievances.

Although badly divided among themselves, Peronist extremists will probably not be deterred from revolutionary plotting. Argentine authorities have reason to believe that some of these Peronists may have links with the small groups of Communist guerrillas recently discovered in Salta and Cordoba provinces.

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Western Hemisphere

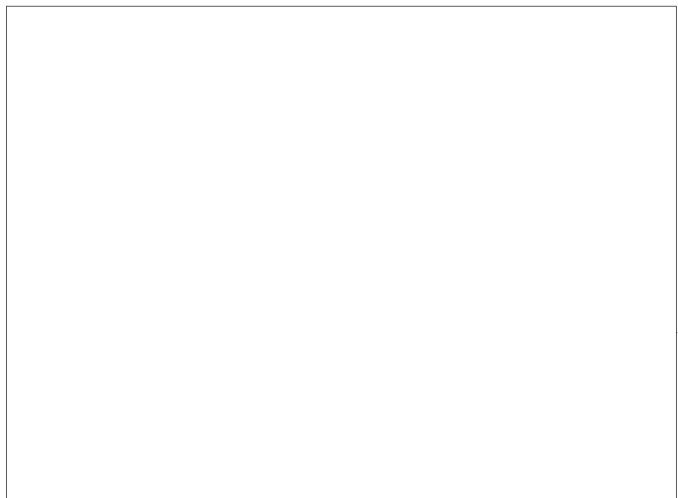
HAITIAN DICTATOR'S DELUSIONS OF GRANDEUR

Haitian dictator Francois Duvalier is expected soon to issue an official statement declaring himself president for life. Press releases of 2 April reporting that he had already done so proved to be premature, but his campaign to perpetuate himself in office has been gathering momentum for some weeks. There has been no visible opposition and [redacted]

[redacted] the campaign is headed for some sort of climax before 10 May.

and discontented, but they are disunited and thoroughly cowed by the secret police. The exiles who "invaded" Haiti last summer from the Dominican Republic are still a fragmented, ineffective force.

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The politically apathetic Haitian people are grumbling



This tableau, which appeared twice in recent issues of the Port-au-Prince *Oedipe*, reads: "People, believe in him. I chose him. Peace in Haiti to men of good will."

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Duvalier has recently been calling himself "Chief of the Revolution" rather than president. Also, in a speech before the legislature on 16 April, Jean Julme, president of that body, stated that the "people have taken the firm decision that Duvalier be president for life." "Revolutions," he added, "make their own laws; the will of the majority is the supreme law."

Allusions to Duvalier's deification continue to appear in the local press. [redacted]



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